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7 November 1951

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## DAILY DIGEST

Office of Current Intelligence

## CENTRAL INTELLIGENCE AGENCY

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DIA review(s) completed.

State Department review completed

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SECTION 1 (SOVIET)

2. Four removed from Assembly: On 2 November the National Assembly approved the rescission of the mandates of deputies Peter Kamenov, Nikola Pavlov, and Stefan Svetozarov, who were expelled from the Bulgarian Agrarian People's Union, and of Titko Chernokolev, who was removed from the Communist Party. The four were charged with having grossly violated the ideas and statutes of the Fatherland Front. [REDACTED]

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Comment: Chernokolev, a member of the Politburo, was removed from his post as Minister of Agriculture in June, 1951. Peter Kamenov was dismissed from his post as Minister of Communal Economy at the same time. Both Pavlov and Svetozarov were expelled from the BAPU on 5 June 1951.

With the rescission of their Assembly mandates, the four men have lost their legislative immunity. It is probable that they have already been tried in camera or that an open trial is now being prepared.

3. FINLAND. Communist Party leadership reorganized: At the recently concluded 9th Congress of the Finnish Communist Party, the central executive organs of the Party were reorganized and the typical Central Committee, Politburo, Orgburo, and Control Commission were formed. In addition, a Secretary-General, Ville Pessi; a Party Chairman, Aimo Aaltonen; and a Party Vice-Chairman, Yrjo Murto were elected. [REDACTED]

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Comment: This reported reorganization of the central executive leadership of the Finnish Communist Party was undoubtedly motivated by the reported dissension and split which developed last summer within the Finnish People's Democratic Union, composed of the Finnish Communist Party and the Communist-front Socialist Unity Party. Apparently dissidents within the latter, rebelling against Communist domination, gained some support from a minority group within the Communist Party. In early September the three leading Finnish Communists went to Moscow, clearly to receive instructions in regard to this intolerable situation. The solution has apparently been to create a stronger central executive including the very important Orgburo and Control Commission.

4. YUGOSLAVIA. Yugoslav Government agrees to US observation of military aid program: Embassy Belgrade considers that pending the arrival of General Harmony it has now obtained sufficiently satisfactory assurances from the Yugoslav Government concerning outstanding points of difference over the bilateral military aid agreement. It is believed that General Harmony, as head of the US military group, will be able to reach an agreement with Yugoslav officials on the details.

The Embassy reports that the Yugoslav Government has agreed to accept a minimum military assistance staff of thirty, including 15 officers, and to permit US observation of the use of its equipment in Yugoslav field exercises. A Yugoslav spokesman has explained that his government fully understands the purpose of US inspection and pledged assurance that the observation of the US material would be carried out in a cooperative manner.

Comment: These Yugoslav concessions meet the minimum US conditions but the problem of end-use observation of the military equipment will require further clarification.

5. Feasibility of establishing economic mission in Belgrade under consideration: US officials are faced with the problem of how to administer the newly enacted Mutual Security Act without endangering our security objectives in Yugoslavia or flouting legislative requirements.

The legislation explicitly calls for an economic mission in the recipient country. While this requirement could be met in a number of ways, ECA believes that the passage of the Mutual Security Act represents the logical point for the establishment of a conventional ECA (MSA) mission. The Department of State, however, points out that the establishment of a MSA mission would undoubtedly arouse strong Yugoslav objections and jeopardize the smooth establishment of our military advisory group. The Department

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of State has suggested the possibility of naming Ambassador Allen as the MSA mission chief with Embassy economic advisors in charge of day-to-day operations.

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SECTION 2 (EASTERN)

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2. EGYPT/ISRAEL. New Soviet activity reported in Egypt and in Israel:  
The Soviet Union is shipping arms into Cairo, according to a Turkish General Staff spokesman. He also stated that he had "positive information" that the Israeli Government has agreed to permit the USSR the use of the airfield at Ramleh, near Tel Aviv. [REDACTED]

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Comment: The US Embassy in Cairo [REDACTED] that in a recent conversation with the Soviet Minister, the Foreign Minister raised the subject of supplies of Czech arms for Egypt. Rumors of Czech arms for Egypt are currently circulating in Cairo, but there is no evidence that any Soviet or Satellite military equipment has been delivered or contracted for.

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There is no other information available on the alleged Israeli-Soviet deal. It is unlikely that the Israeli Government will make any air arrangements with the USSR except strictly standard commercial ones.

3. SOUTH ASIA. Pakistanis and Ceylonese travel in Communist orbit:  
Mian Iftikharuddin, prominent fellow-traveler and member of the Pakistani goodwill delegation which visited Communist China in early October 1951, has recently been in Copenhagen, Denmark, attending a preparatory conference for the World Economic Conference to be held in Moscow next April. He was also to attend the World Peace Council meeting in Vienna. Ten Ceylonese, who went from Ceylon and England to the Berlin Youth Festival last August, are proceeding to Moscow and Peiping on a goodwill mission, according to the Ceylonese press. [REDACTED]

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Comment: The USSR and Communist China may jointly have developed the "grand tour" as a device for overcoming travel restrictions previously placed on important South Asian Communists and fellow-travelers by their respective governments. Heretofore, both India and Pakistan have hesitated to allow their nationals to visit Communist-controlled Europe, although they have permitted them to visit China.

- 25X1 4. INDIA. Sindri fertilizer factory has started production: The Sindri fertilizer factory in Bihar, reportedly the largest in Asia, has started production. The factory cost 230 million rupees (approximately 48 million dollars) and is expected shortly to reach full production of 1,000 tons of ammonium sulphate daily. According to the Indian press, the plant's annual production of 350,000 tons will make India self-sufficient in artificial fertilizers on the basis of present requirements and will save the country 100 million rupees in foreign exchange each year. [REDACTED]

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Comment: The Sindri fertilizer factory is one of the few major development projects to be completed in India since partition.

- 25X1 5. BURMA. Soviet approach for rice reported: A British diplomat and an American businessman told the US Embassy in Rangoon that they had been informed by unofficial sources that the Soviet Embassy had, on a number of occasions, expressed interest in purchasing rice from Burma. The Embassy comments that the significance of this information is not yet apparent, but if correct it would mean the presence of an additional buyer in a market which is already in short supply. [REDACTED]

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- 25X1 9. Heavy Viet Minh casualties: The Viet Minh suffered 39,291 casualties during the month of October, according to the French Press Agency. A breakdown of these losses shows: 3,895 killed, 15,871 prisoners, and 19,525 wounded.

Comment: The figure of 3,895 killed corresponds closely with official daily casualty figures released by the French Command. Other casualty figures cannot be verified. A recent report by the US Military Attache that Viet Minh casualties exceed those of the French by four to one would imply that the French suffered some 10,000 casualties during the same period.

10. INDONESIA. Lawlessness in West Java grows increasingly worse: A statement given to a news agency by "top security authorities" in West Java reveals that security disturbances in West Java have become "truly serious." Well armed, highly mobile and well organized groups are becoming bolder and more active daily, with demarcation between "secure," "half-secure," and "insecure" areas becoming meaningless. Formerly independent groups have combined their forces and are carrying out well-coordinated attacks against government forces. The statement criticized the government for its "half-hearted" actions against lawlessness and noted with regret that 800 guerrillas who had responded to the government's surrender offer last November are still detained in an inadequate camp in Bandung with their status and future disposition undetermined.

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25X1 The US Army Attache comments that increased lawlessness in West Java and reduced army strength resulting from withdrawals for the Celebes campaign point toward central dissident coordination on a "scale larger than Java-wide." [REDACTED]

Comment: There have been no indications to date that guerrilla disaffection in the Celebes was coordinated with insecurity in West Java.

11. CHINA. Anti-Communist guerrillas harass shipping in China waters: According to the Chinese Nationalist Ministry of National Defense, guerrillas from two motorized junks landed at Weihaiwei, Shantung Province, on 22 October, and withdrew after a brief battle.

Near Shanghai, the British merchant ship Hupeh was boarded on 25 October by pirates from two speedy motor junks. The Hupeh was later rescued by a British vessel, and the pirates relinquished control of the merchant ship in exchange for safe conduct back to their island base, which was only 12 miles north of Nationalist-held Ta Chen Island. The US Naval Attache on Formosa suggests the possibility of collusion between the pirates and the Nationalist navy. [REDACTED]

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25X1 Comment: The Shantung attack is the first indication that anti-Communist guerrillas have been so bold as to effect landings on the North China coast. The Nationalists themselves do not officially claim any connection with these operations.

12. US Military Attache in Hong Kong reports on troop movements: The US Military Attache in Hong Kong comments that the trend of all reports received since mid-October indicates the movement of Chinese Communist Fourth Field Army units away from Kwangtung, either in the direction of Kwangsi or northward. The bulk of the reports indicate a move toward Kwangsi, but to date no reliable information from Kwangsi has reached the reporting officer confirming the arrival of these units.

The Attache believes that the movement of these troops to Kwangsi, if true, indicates that:

- (1) the Chinese Communists intend to put psychological pressure on the French in Tonkin;
- (2) the Chinese Communists intend to participate in Tonkin; or

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- (3) the Second Field Army units are being withdrawn from South China probably for employment in Korea and Manchuria, and the Fourth Field Army is extending to cover the gap. The reporting officer feels that, in view of the presence in Korea of Chen Keng, field commander of the Second Field Army, this is the most likely.

Comment: There have been several recent reports indicating a movement of troops of the Fourth Field Army from Kwangtung to Kwangsi province. However, they all remain unconfirmed and are, therefore, not accepted pending further information.

13. Rail congestion in Manchuria reported:

the rumor, now current in Harbin, that the rail line from the USSR is increasingly congested. Shipments of consumer goods have been banned during some periods.

by January 1952 it will be impossible to ship consumer goods from the USSR to Harbin.

whether the volume of war materiel delivered by rail has changed, a change in the composition of freight. Whereas previously the emphasis had been on tanks, crated planes and cannon, there was more recently a greater variety of materiel, including Czech and Russian six-wheeled trucks and a number of rocket-launchers.

Comment: The heavy demand for military transport on Manchuria's railways has on several occasions resulted in temporary suspensions of passenger and ordinary commercial freight service. A continuing strain on the rail net is indicated by the shortage of Soviet shipping and by difficulties encountered in chartering Western-flag vessels.

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SECTION 3 (WESTERN)

1. GERMANY. East Germans renew unity offers: The latest in the series of East German unity proposals is viewed by US officials in Berlin as a move to counter the recent Western suggestion that the UN supervise an investigation of electoral conditions throughout Germany, and as a Communist ruse to win West German opinion without actually offering any real concessions.

The proposal, in the form of a letter from East Germany's President to the West German President, suggested that the two men meet in Berlin to discuss preparations for an "All-German Conference" on the subject of free elections to unify the country. This statement and accompanying propaganda moves dismiss UN inspection as "no business" of the UN, and suggest instead that the conditions for free elections be examined by a commission of East and West Germans, "under four-power control." Under such a system, not only would the commission be divided, but its findings would be subject to the Soviet veto.

The latest East German propaganda also emphasizes that the Communists are drafting an election law for discussion purposes, and are anxious to have the four powers meet to discuss the German question. [REDACTED]

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Comments: In the current stepped-up unity drive, the USSR and East Germans have so far made no real concessions, but have directed their offers at vulnerable elements in West Germany. So far, the offers have been coldly received in West German government circles, and there has been no reply to the latest East German note. Nevertheless, Pieck's letter does embarrass Chancellor Adenauer in his discussions with certain Protestant leaders anxious for German unification.

2. AUSTRIA. Soviet authorities permit limited utilization of German ships on Danube: Soviet authorities in Vienna have issued navigation permits to the Danube Steamship Company authorizing the use of fourteen Austrian and six German vessels to transport fuel oil from Vienna to Regensburg, Germany. Authorization is conditional upon operation of the German barges without flag and by Austrian crews. A separate application for navigation permits from a German company, Bayerischer Lloyd, is expected to be rejected. [REDACTED]

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Comments: Soviet approval of the use of German vessels for these oil shipments was anticipated [REDACTED] The ban on the German flag indicates, however, that the USSR does not intend to regularize German shipping on the Danube. Special permission was probably granted in this case to export oil which the USSR cannot use.

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3. Communist Party Congress emphasizes Socialist unity theme: At the 15th Congress of the Communist Party (KPOe) in Vienna last week, Party Chairman Koplenig declared that Austrian Communists seek the cooperation of all people interested in the country's future, and of all progressive organizations, groups, and movements in the struggle for "peace and freedom." The immediate goal of the KPOe, Koplenig asserted, is to establish the unity of all workers. Mass demonstrations and strikes cannot, he acknowledged, be organized every day, but current issues can and must be discussed with Socialist workers at every opportunity. Other Communist orators declared that nothing is more important to Communists at present than the task of securing Socialist support in "defense of peace."

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Comment: The plea for Socialist unity is a candid admission of the weakness of Austrian Communism when compelled to stand by itself. The comparatively dismal showing of the KPOe in organizing public protests against the new rent law in September -- when only discredited Socialist fringe support was achieved -- emphasized this weakness. Furthermore, it is to be advantage of the KPOe to take a less militant approach during the current shop-stewards' elections -- unless, of course, a particularly attractive opportunity should arise to make trouble.

25X1 The US Legation in Vienna reports that the Communist press coverage of the party congress omitted all references to assertions by Communist Ernst Fischer that communism and socialism could not peacefully coexist.

[REDACTED]

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5. Non-Communist press reacts favorably to British election results:  
The Italian press reporting on the British elections feels that there will be little change in British policy under the Conservative government. Nevertheless, it is believed that Churchill will restore "cordial collaboration" with the US and that the UK may now encourage rather than obstruct European unification. Many papers express the hope that Anglo-Italian relations will improve.

The Communist press affirms that the UK will now favor more strongly "US war preparations" and voices the hope that Bevan will eventually succeed in winning control of the Labor Party and influence its policies in favor of "peace and friendship with the USSR."

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In the opinion of the US Embassy in Rome, the Christian Democrat-dominated government feels that it will be easier to get along with the Conservatives than with the Labor government and that prospects for European federation are improved.

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Comment: The government-controlled Rome radio in its press summary makes no mention of the reaction of the moderate leftist Republicans and democratic Socialists. These parties, especially the latter, presumably regard Churchill's victory as the British counterpart to the trend to the right that has been steadily developing in Italy and as a further blow to the future of democratic Socialism in Western Europe.

6. UNITED KINGDOM. Royal Air Force equipment position seen aided by Conservative government: Air force staff officers feel there is a possibility of re-equipping the Royal Air Force with modern aircraft sooner than previously planned. On the belief that the Conservative government may take the necessary measures, Air Ministry planning officers are working overtime to revise schedules for the earlier introduction of the newest equipment into operational units.

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Comment: The adequacy of the equipment of the Royal Air Force has been questioned on several occasions by Conservative members of Parliament with some reason. Although ministers of the late Labor government claimed superior performance, speed and other capability records for new types of British aircraft, they neglected to make clear that these aircraft were

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prototypes which will not be in operation until late 1953 and 1954, and that they were comparing these aircraft with current operational types of other countries.

7. UNION OF SOUTH AFRICA. Government to introduce conscription bill at next session of Parliament. The Nationalist government will introduce a conscription bill at the session of Parliament beginning in January, according to a reliable Union Defense Force source. Defense Minister Erasmus had great difficulty in persuading the Cabinet of the need for this move, which envisages a training program beginning in November 1952.

25X1 The US Army Attache comments that the adoption of this bill would be a great step forward in solving South Africa's defense manpower problems. [REDACTED]

Comment: Service in the Union Defense Force has always been on a voluntary basis. Without conscription, shortage of trained manpower would prevent South Africa from promptly fulfilling its commitment for aiding the defense of the Middle East in case of war. Should Erasmus succeed in convincing the largely isolationist Afrikaners who provide the bulk of the government's support of the need for conscription, not only will it help solve the manpower problem, but it may also partially vindicate a Defense Minister widely criticized as incompetent. Even if the conscription bill passes, a further legal obstacle to South Africa's sending forces to the Middle East is the fact that no serviceman may be sent outside the Union without his consent.

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25X1 SWEDEN. Government rejects Polish charges: In a 2600-word reply to the Polish note of 17 October, the Swedish Government flatly rejects various Polish accusations in the current refugee dispute [REDACTED] as "wholly unfounded and deeply insulting," and in turn accuses the Poles of unjustly imprisoning Swedish seaman. [REDACTED]

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25X1 Comment: In the last month Sweden and Poland have exchanged a total of five notes over Sweden's granting asylum to political refugees from Poland. Although relations with the Poles are at a low ebb and the usually phlegmatic Swedes are incensed over the vitriolic character of the Polish notes, no untoward outcome is anticipated. The Polish notes are designed partly for domestic Polish consumption and partly as a phase of the general Soviet-Satellite propaganda campaign against the West.

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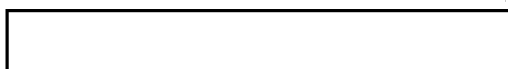


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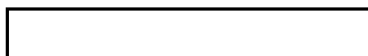
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SECTION 2 (EASTERN)

- 25X1 1. GREECE. Liberals hope to gain Papagos' support: Deputy Prime Minister Venizelos believes that by January his Liberal Party will have the Parliamentary cooperation of Marshal Papagos' opposition party. Venizelos' optimism, the US Embassy in Athens states, is apparently based on Papagos' recent offer to discuss cooperation as soon as Venizelos arranges for the proclamation of elections under the majority system.
- [REDACTED]

Comment: Venizelos' optimism would seem premature. He realizes that the fall of the present EPEK-Liberal government and the holding of new elections based on the majority system would strengthen EPEK and the Greek Rally at the expense of his own party, and he has accordingly been trying to obtain Papagos' cooperation. Papagos, however, is apparently still confident that he can win any election held under the majority system, and he may equally have been attempting to gain Venizelos' assistance in changing the electoral law. If the new Defense Minister prevents political interference with the army, Papagos may look with more favor on Liberal-Rally cooperation.

2. EGYPT. Problems in the Suez Canal area reportedly increasing: An officer of the US Embassy in Cairo, after a two-day trip through the Suez Canal zone, reports an increase in the problems facing the authorities there. The British Commanding General in the zone admitted that about 3,000 Egyptian families were leaving the zone daily in spite of British efforts to slow down the exodus of laborers.

The British Naval Commander in Port Said asserts that British naval personnel can keep Suez Canal traffic operating without any real delay. In Port Said, however, the situation is worsening, with normal sources of employment shut off, food prices soaring and the tempers of 140,000 Arabs rising. The Egyptian Governor warns that the situation is developing to the point that local Egyptians might go "after him as well as the British."

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Comment: While the day-to-day estimates vary considerably, there is nevertheless mounting evidence that the tension within Egypt is serious and likely to worsen. Even though the King and certain moderate elements in the government have indicated a desire to counteract this trend, it is questionable whether anything constructive can be done as long as the present emotional state continues.

3. JAPAN. Japanese Government queried on plans for treaty with China: The

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Department of State has advised the US Political Adviser in Tokyo that it sees no reason why the Chinese Nationalist and Japanese Governments might not now begin negotiations in order to reach agreement on a bilateral peace treaty, to become effective at the same time or soon after the effective date of the San Francisco treaty. Consequently, the Department has requested the Political Adviser to consult with the Japanese Government to determine Prime Minister Yoshida's present thinking regarding the timing and nature of such a treaty. In view of the conflicting nature of various reports on Yoshida's remarks before the Japanese Diet, the Department has also requested information on the Prime Minister's plans for trade or other relations with Communist China. [REDACTED]

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Comment: The US has advised the Nationalist Government that it would endeavor to facilitate a treaty with Japan, provided a satisfactory formula could be worked out that would limit the scope of the treaty to the territory and people now under control of the Nationalists. The Japanese Government, for its part, appears reluctant to face the Chinese recognition problem, and probably hopes to postpone a decision at least until after the San Francisco treaty comes into force.

Yoshida's remark before the Japanese Diet that Japan would welcome an opportunity to establish a trade agency in Shanghai increased Chinese Nationalist apprehensions over Japanese intentions. Reaction to this apparently unpremeditated remark later forced the Japanese Government to explain that it had been made merely to emphasize that the planned establishment of a trade agency at Taipei had no political implications. Yoshida undoubtedly is well aware that Japan's relations with Communist China, for the foreseeable future, are limited to development of a minor, non-strategic trade.

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